



ADMINISTRATIVE SERVICES DEPARTMENT

MEMORANDUM

DATE: December 14, 2015

TO: The Oversight Board of the Successor Agency to the Former Temple City Redevelopment Agency

FROM: Tracey L. Hause, Administrative Services Director

SUBJECT: **ADOPTION OF A RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF TAX ALLOCATION REFUNDING BONDS, AND APPROVING THE FORM OF AN INDENTURE OF TRUST AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH**

RECOMMENDATION:

Adopt a Resolution (Attachment "A") authorizing the issuance and sale of Tax Allocation Refunding Bonds, and approving the form of an Indenture of Trust and authorizing certain other actions in connection therewith.

BACKGROUND:

1. On September 7, 2005, the Temple City Financing Authority (Financing Authority) issued \$8,000,000 Tax Allocation Refunding Bonds (2005 Bonds) for the purpose of refunding 1993 Revenue Bonds and provide resources for projects within the Rosemead Boulevard Project Area.
2. On February 1, 2012, every redevelopment agency in the State of California was dissolved and a successor agency was created for each redevelopment agency.
3. On June 27, 2012, Assembly Bill 1484 (AB 1484) was signed into law.
4. On November 17, 2015, the Successor Agency to the Former Temple City Redevelopment Agency (Successor Agency) approved a Professional Services Agreement with Urban Futures Incorporated (Urban Futures, Inc.) for Financial Advisory services for this proposed transaction.

ANALYSIS:

Due to the dissolution of redevelopment agencies, the Successor Agency now has the responsibility for repayment of the 2005 Bonds. With the passage of AB 1484, the Successor Agency may refund existing bonds, with the approval of the Oversight Board of the Successor Agency to the Former Temple City Redevelopment Agency (Oversight Board) and the State Department of Finance (DOF) for the purpose of generating a debt service savings.

Based on current market interest rates, the Successor Agency can generate an estimated total debt service savings of approximately \$974,000 by issuing the proposed 2016 bonds (2016 Bonds), which will refund (repay) all outstanding 2005 Bonds. The 2005 Bonds currently have an interest rate on the longest term bonds of 4.875%. It is anticipated that the proposed 2016 Bonds would have an interest rate of approximately 2.70% on the longest term bonds. The term of the new 2016 Bonds would not be extended, and would match the current final maturity date of the 2005 Bonds (September 1, 2024).

Based on the redevelopment dissolution laws, the Successor Agency may retain the savings amount to the extent it has additional enforceable obligations. Otherwise, the savings amount would be shared among the taxing entities (i.e., County of Los Angeles, Temple City Unified School District and Los Angeles Community College District) as residual revenues.

DOF is allowed 60 days to review any actions of the Oversight Board to approve refunding bond issues. It is anticipated the Successor Agency will adopt a Resolution authorizing the issuance and sale of Tax Allocation Refunding Bonds, and approving the form of an Indenture of Trust and authorizing certain other actions in regards to issuance of the 2016 Bonds at its meeting on December 15, 2015. Then DOF would have until the third week of February to review the proposed 2016 Bonds.

The final interest rate structure will be determined when the 2016 Bonds are priced and sold, which is expected to occur by the first week of March, 2016. Depending on market conditions at the time of sale, the bonds may be issued through a public sale, or may be "privately placed" with a bank. The Successor Agency's Financial Advisor, Urban Futures, Inc., will work with Successor Agency staff to determine the optimum method of sale. The bond closing would occur by the third week of March, 2016 and a refunding escrow would be used to repay all outstanding 2005 Bonds.

The Oversight Board is being asked to adopt the attached Resolution approving the form of the Indenture of Trust. The Indenture of Trust (Attachment "B") defines the payment terms and conditions of 2016 Bonds, and establishes the funds and accounts that will be held by the Trustee on behalf of the Successor Agency, including the Debt Service Reserve Account.

Other documents necessary for the issuance of the 2016 Bonds, including the Preliminary Official Statement, Escrow Agreement, and Continuing Disclosure Agreement (and/or Private Placement Memorandum, Placement Agent Agreement, and Rate Lock Agreement if privately placed with a bank) will be presented to the Successor Agency for approval at a future meeting, closer to the anticipated pricing date. It is expected that these additional documents will be presented to the Successor Agency for consideration at the first meeting in February, 2016.

FISCAL IMPACT:

The repayment of principal and interest on the 2016 Bonds is payable solely from Pledged Tax Revenues, which is tax increment revenues from the Project Area deposited into the Agency's Redevelopment Property Tax Trust Fund ("RPTTF"), and available after satisfying certain administrative costs of the County and pass through obligations to affected taxing entities.

The 2016 Bonds will not be a debt of the City's general fund or the State, or any of its political subdivisions, except the Successor Agency. All costs of issuance will be funded from the net proceeds of the 2016 Bonds, and the estimated total debt service savings (\$974,000) is net of such issuance costs.

ATTACHMENTS:

- A. Resolution
- B. Indenture of Trust